Before the
FEDERAL COMMUNICATIONS COMMISSION
Washington, D.C. 20554

In the Matter of	)	
	)	
Applications of WorldCom, Inc. and	)	
MCI Communications Corporation for	)	CC Docket No. 97-211
Transfer of Control of	)	
MCI Communications Corporation to	)	
WorldCom, Inc.	)	

To: The Commission

COMMENTS OF THE COALITION OF UTAH INDEPENDENT INTERNET SERVICE PROVIDERS (CUIISP), THE WASHINGTON ASSOCIATION OF INTERNET SERVICE PROVIDERS (WAISP), & WESTERN REGIONAL NETWORKS ON WORLDCOM/MCI'S JOINT REPLY TO PETITIONS TO DENY AND COMMENTS

Respectfully submitted,

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Washington Association of Internet Service Providers
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The Coalition of Utah Independent Internet Service Providers (CUIISP), the Washington Association of Internet Service Providers (WAISP), and Western Regional Networks (WRN) respectfully submit their Comments on the Joint Reply filed by WorldCom, Inc. and MCI in the above captioned proceeding. Together, CUIISP, WAIISP & WRN represent more than a hundred small to medium Internet Service Providers in Utah, Washington and Colorado, serving an estimated 720,000 customers both regionally and worldwide.

I. MARKET DEFINITION

We object to WorldCom and MCI's characterization of the Internet backbone market as remarkably self-serving, misleading and without basis in fact. Overall industry revenues are not the best way of determining backbone "share", and we cannot understand how these two companies with such vast shares of the existing Internet backbone market could pretend to have such a limited grasp of this issue.

Every Internet Service Provider in business today readily understands that there are a large number of products and services which might be classified as revenue-producing within the "Internet industry" -- web design, web-site hosting, dialup access, online commerce, and dedicated access. These bear no relation as a product class to "Internet backbone services." *"On the Internet or other wide area network, a backbone is a set of paths that local or regional networks connect to for long-distance interconnection."*[1]

In Worldcom's & MCI's case, their share of the Internet backbone is the portion of those paths which belongs to them, to which they sell access or provide peering through bilateral agreements. But, backbone service is in every sense, a separate, discrete product class with revenues entirely separate and considerably different from the revenues presently being generated through any of the other product classes which have come into existence the past several years through their association with the "Internet". None of the small ISPs in the Utah coalition can truly be considered "backbone providers" although they offer many products which contribute to "Internet industry revenue". Using those revenues to determine the impact of the proposed merger on the Internet backbone market, or as another example, the revenues from tremendously

lucrative XXX Adult web sites as a standard by which to measure backbone share defies common sense.

The Affidavit of Dr. Harris submitted on behalf of GTE presents the most accurate estimate of the network backbone market.

The Affidavit submitted by Dr. Carlton and Dr. Sider, on the other hand, in support of the Worldcom/MCI Joint Reply, relies rather heavily on selective anecdotal quotes (and ads!) from Boardwatch magazine which buttress the Worldcom/MCI position, while dismissing Boardwatch measurements it finds inconvenient by raising doubts about the magazine's methodology, current accuracy, or the backbone's potential for expansion.

While the Boardwatch methodology may be open to criticism, it certainly offers a better benchmark than the ludicrous "revenue" scenario. Dr. Harris's response to the Worldcom/MCI criticism that the Boardwatch calculations "double count" ISP backbone connections is fair and reasonable given the available information. Dr. Harris calculates market share based on the Boardwatch magazine list which shows the number of ISPs connected to a variety of backbones, and in the case of redundant connections, dividing the bandwidth evenly between providers. Dr. Harris freely admits that with redundant connections the connnection sizes may vary, but without specific information in this regard, a split is certainly a non-biased starting point.

Worldcom/MCI's second criticism, that "the number of ISP connections does not indicate whether the ISPs are large, small, or medium-sized" is bewildering. If, as Dr. Harris points out, the self-supplied backbone services market were accurately accounted for, it would only increase the estimate of the WorldCom/MCI market share, since some

[1] George McDaniel (ed.) IBM Dictionary of Computing, Tenth Edition, McGraw-Hill, (1993)

of the largest providers in the household Internet access industry (AOL, Compuserve, and MSN) receive backbone service through Worldcom affiliates, and the Worldcom affiliate UUNet is one of the largest suppliers of Internet service to businesses.

II. BARRIERS TO ENTRY

We dispute Worldcom/MCI's assertion in its Joint Reply that "In practice, changing ISPs (or backbone providers) is, in most circumstances, straightforward and relatively inexpensive. For the majority of customers, switching ISPs is largely an administrative matter." This is absolutely true for the dial-up consumer. A business, however, depending on its level of Internet sophistication, stands to incur substantial marketing costs in something as simple as an email address change. For even a small ISP, the headache is multiplied. New contracts must be negotiated with the new backbone providers, resulting in additional legal fees the small ISP can ill afford, and dedicated clients must be contacted to re-engineer their IP addresses (re-number all the computers on their networks). Worldcom/MCI seriously underestimates the IP addressing difficulty with its breezy assertion that many customers are now using Dynamic Host Configuration Protocol (DHCP) "and other means which eliminate the need to configure IP addresses in individual computers". These do NOT offer an acceptable solution. Worldcom/MCI misjudges the problem as confined to "a subgroup of dedicated access customers that may not yet have adopted, but could readily adopt" such measures. While DHCP is in use by *some* dedicated clients, and its use is increasing, we would estimate that figure to be presently nearer the 10% mark, and there is no evidence whatsoever to support a claim of ready adoptability.

We find small comfort in Worldcom/MCI's assertion that post-merger peering "will continue" as this assertion is coupled with the caveat, "where it makes economic sense". No backbone provider with a 60% market share would be find "economic sense" in peering with competitors a fraction of its size. Peering agreements cloaked in layers of secrecy are a substantial cause of the problem. If Worldcom/MCI is determined to prove its willingness to play fair with peering agreements, the proposed terms and conditions should be publicly available.

III. LOCAL DIAL-UP COMPETITION

Finally, small to medium Internet Service Providers have been on the forefront of telephone competition, buying telephone lines from competitors in large amounts where possible. We are concerned about the anticompetitive nature of a merger which reduces the field of entrants even further. We understand and share the Commission's concern about the slow progress of local telephone competition, but we strongly believe that there are better ways to foster competition besides reconstituting "the phone company" as we used to know it through ever larger mergers. We face constant anticompetitive efforts from large telcos who are determined to decimate our business through any means necessary. The possibility that Internet issues might be addressed by following the merger with the entrance of RBOCs to the backbone market as a means of artificially stimulating competition is less than enchanting for us, and it is particularly perplexing when the merger might simply be stopped in its tracks, avoiding the need for corrective measures which would likely be futile anyway in the face of Worldcom/MCI's dominant share.

The small to medium Internet service provider provides a valuable alternative to the consumer with personal assistance and innovative uses for a product which is still technically complex. If free peering no longer makes economic sense to the dominant player, interconnection costs will surely trickle down to the independent ISP and then the consumer, who is already bombarded with impossibly cheap access in the present market through legally dubious telco bundling schemes. The long-predicted ISP shakeout will finally occur, but for all the wrong reasons. The consumer will pay the ultimate price, and therefore, we continue to urge that the merger application of Worldcom and MCI be denied.

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